

SECRET
Security Information

12 September 1952

NEED FOR ACTUARIAL STUDIES IN CIA

1. That insurance problems - life, health, accident, theft, etc. - are vital to CIA personnel and are greatly complicated by security restrictions, needs no emphasis. Each incident and problem that comes up for individual solution does, however, re-emphasize the necessity for over-all consideration of the insurance problem in CIA.

2. For example:

a. A local New York Life Insurance agent (husband of a former CIA employee) had taken applications for insurance from a number of CIA employees, many of whom were involved in paramilitary duty.

b. These applications were turned down in the underwriting office of New York Life since the insurance physical examination did not jibe with the h-F classification of the subjects.

c. The manager for the Washington area of the New York Life Insurance Company and the agent had discussions on about 1 July with Personnel and I&SO concerning the problem. At that time, New York Life proposed to limit insurance to CIA personnel to \$10,000, to exclude CIA personnel from double indemnity provisions and to insure only those CIA personnel whom the Agency would certify as not engaged in "hazardous" work. (see attached proposal)

d. Following the above meeting, General Counsel reviewed the New York Life proposal and turned it down on behalf of the General Counsel and I&SO.

The implication, of this unsolved insurance problem, that CIA personnel may be limited to \$10,000 by this company and possibly by other companies through reciprocity is of a far-reaching nature, as well as the tentative refusal of the company to write any insurance unless unacceptable guarantees by CIA are made.

3. Further,

a. "[With regard to life insurance] it is apparent that WAEPA (War Agencies Employee's Protective Association) is fulfilling a need in the insurance field which would make it extremely difficult, if not impossible, to have any other underwriter substituted and still meet the security requirements of CIA.it is suggested that serious consideration be given to the organization of a program within

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CIA which would be financed by the participants' premiums and in which the profits, if any, would inure to the benefit of those participants. It is submitted that the present indirect subsidy by CIA of WAEPA (personnel services to collect premiums and process claims) which was established for security reasons can be continued with respect to an internal program. It is believed that an internal program properly managed would make available comparable insurance benefits at a much lower rate to participants."

b. "[It has been pointed out] that an internal insurance program, while ideal from a security point of view, would have certain disadvantages, including a requirement for a large capital reserve and the danger to such a reserve in the event of a disaster. [On the other hand] the opinion has been put forth that CIA employees as a group are better risks than any insurance company has a right to expect based on general experience factors known to them. The causes for such improved risks would include:

- (1) Lower age group
- (2) Higher educational level
- (3) Higher moral standards due to elimination through security checks
- (4) Higher physical standards
- (5) Wide coverage for injury and illness while abroad under provisions of P. L. 110 including in some cases gratuitous treatment furnished on a personal basis by military or other installations."

c. A complete picture of the self-insurance program would require considerable collection of statistics and analysis thereof probably by a competent actuarial expert. General Counsel is of the opinion that the DCI has authority for the operation of such a program without additional legislation.

4. It is recommended that a Working Group to be composed of representatives of Personnel, Comptroller, General Counsel, Inspection and Security, DD/I and DD/P be organized to make over-all recommendations on the insurance problems of CIA to the Career Service Board.

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C O P Y

June 4, 1952

NEW YORK LIFE INSURANCE COMPANY

With respect to persons connected with the C. I. A. the New York Life Insurance Company is willing to consider ordinary insurance only on the lives of those individuals who are in the following categories:

1. Civilians performing only administrative, clerical or office work whose duties will not require travel outside the United States or Canada.
2. Civilians performing only administrative, clerical or office work who may be required to travel or reside outside the United States or Canada in the future but when outside such countries will not be exposed to any greater hazards than those associated with their work in the United States or Canada.
3. Uniformed members of the armed forces having duties entirely of a non-combat administrative nature with non-hazardous assignments likely to keep them in the United States or Canada for at least one year.

_____ is in one of the three categories outlined above.

Dated _____

• _____
Security Officer, C.I.A.

To the best of my knowledge and belief the foregoing statement is correct.

Dated _____

Proposed Insured

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PROMOTION POLICY

1. The implementation of various aspects of the Career Service Program has pointed up the need for a re-examination of Agency promotion policy and the development of broad guides and controls for promotions within the Agency as a whole.
2. Independent approaches to the problem have produced workable solutions in some components of the Agency. However, it is already apparent that more adequate policy guides and controls must be formulated at the Agency level to prevent the development of divergent approaches which might be difficult to reconcile in the broad interests of the Agency.
3. Policies concerning reassignment and promotion must be compatible with Career Service objectives. An effective "promotion policy" can be developed only within the broader framework of policy concerning the overall development and utilization of the work force. Insofar as possible, the chain of administrative responsibility and authority for promotion actions must be consistent with the pattern of authority and responsibility for the utilization and reassignment of personnel generally. A point of final authority for all such actions should be defined covering each individual and each position in the Agency.
4. In view of the circumstances outlined above, the Personnel Office is re-examining policy and practice concerning the reassignment and promotion of Agency personnel.

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COORDINATION OF CAREER SERVICE BOARD ACTIVITIES

1. Within the limitations of operational security a free flow of information among all Career Service Boards is essential. The experience gained in the day-by-day operations of the Office Career Service Boards will be invaluable to the CIA Career Service Board and information concerning activities of the CIA Career Service Board will serve to guide Office Board activities.

2. The following procedures are recommended to insure adequate exchange of information:

a. The Executive Secretary, CIA Career Service Board, will distribute copies of the agenda and minutes of each CIA Career Service Board meeting to all Office Career Service Boards.

b. Office Career Service Boards will submit reports of their meetings to the Executive Secretary, CIA Career Service Board. Within the limitations of operational security, these reports will include tabulations of the name, grade, permanent assignment and temporary assignment of each individual in inter-Office rotation status or in formal extra-CIA training status.

c. Office Career Service Boards should submit any additional comments and recommendations requiring formal consideration by the CIA Career Service Board to its Executive Secretary. Such requests for formal action should be made as far in advance of the regularly scheduled meeting of the CIA Board as possible.

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